

Customer Relationship Management

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Marketing/Sales are a function of an organization that is always looking to bring maximum value to the company by managing customer relationships. This paper will explore Customer Relationship Management (CRM) by describing the technology and management of customer information to give marketing a single view of the customer. This essay discusses how businesses have integrated processes and technology to create competitive advantage and customer value through CRM. Also, it will discuss the advantages and disadvantages that occur when the technology and processes are properly aligned or misaligned, respectively. This document will examine the successful and not so successful implementation this technology. Lastly, this paper will show how a successful CRM system can drive customer value and enhance the relationship.

Customers are the foundation of any business and developing a long-term relationship is paramount for success. Even though CRM was visualized in the 1980's the technology was not available to make it a reality until the late 1990's (Richard & Thirkell, 2007). In the past sales were transactional and developing relationships, tracking customer needs, customer value and maintaining the relationship was very tedious and time consuming. The tracking of customer information was difficult because of segmented departments and silos within the organization. As an example, the sales representative has the customer profile, trends, and history; accounting has the financial status, such as billing and receivables; and e-business has the data profiles for electronic communication. All of these areas have separate customer contracts they confer with on a regular basis. Therefore, having an overall single customer view was not probable which would lead to missed opportunities to build positive customer experiences.

In the late 1990's, customer oriented technology was being developed in order to better manage customer relationships. A forerunner to CRM was Sales Force Automation (SFA)

software. SFA products have the capability of analyzing customer performance, processing sales, and capturing customer exchanges. CRM is SFA on steroids. SFA is a primary module of CRM software; however, CRM software offers so much more. A CRM system is a user friendly web-based suite of modules that merges sales, marketing, and customer service information in with other business areas. As an example, a CRM system incorporates call center, distribution, and accounting information. It gives sales a single view and history of the customer so the sales representative has all information needed before scheduling a call. Also, the system allows marketing representatives to target customers for direct marketing campaigns. This software also has analyzing tools incorporated so a user can mine data out of the warehouse to identify the profitability of customers. (O'Brien, 2009)

A significant benefit of CRM is the system allows people to enrich and optimize customers' relationships to create loyalty and to capitalize on opportunities. It is a well known fact that it costs more to acquire a new customer than to sell to an existing one. By using the analytical part of CRM software a representative can actively search for loyal customers, identify their value, and reward them to continue the valuable relationship. In today's economic environment, it is even more important to retain customers. Therefore, creating a customer centric organization through the use of a CRM system is important to keeping customer churn to a minimum. Other major benefits of CRM are everyone in the organization will have a holistic view of the customer and it can help with growing business by letting prospective customers know the value of the product or service.

With all the benefits of CRM, it is hard to imagine CRM systems failing; however, a significant number of implementations fail. There are several reasons why CRM systems fail, the top three reasons are (1) people issues; (2) business strategies and technological solutions are

not aligned; and (3) cost. First, many businesses have rushed out to get this technology without first examining and analyzing their customer processes, customer relationships, and asking the end-user what they would like to have in a customer relationship management system. Therefore, when the sales force does not utilize the system, the blame falls onto technology as not being what is needed. Also, it is easier for the sales force to continue transactional selling than building relationships and capturing the data. Second, CRM systems fail because too much emphasis is placed on the technology instead of seeing how business processes and technology can work together to create customer value. Third, the investment in the technology is substantial and the on-going costs of maintaining good customer data is significant. If customer data is outdated or incorrect employees will not use the system because it makes them and the company look like they do not care about the customer and perception is everything. Also, customer relationships can be damaged with an improperly implemented or utilized CRM system by not anticipating and meeting customer needs.

Implementing a successful CRM system begins with identifying all of the stakeholders and developing a customer oriented business strategy with information technology to gain competitive advantage. The strategy needs to be built-in with the corporate strategy, and company values. Also, the plan needs to ascertain objectives, purpose, vision, and describe the competitive advantage. It needs to include what will be measured, how the results are to be measured, who is going to own the system and how the change in processes are going to be managed. As an example, how is the change going to be managed from sales meeting the plan to sales building relationships and long term value. Once the business strategy is developed, the next step is to identify all customer touch points, the ways customer information comes into the company, and where does the information reside. Next research and evaluation of “off the shelf”

CRM systems needs to be completed or a decision needs to be made if the system should be built in house. After all of the above is completed it is time to develop the project plan and to break it down into manageable chunks. As the system is being installed, it is extremely important to test and give feedback on the functionality of the system. Also, it is very important to give users training on the system so they will be comfortable with using the system when it is rolled out.

In summary, with company owned data, the successful implementation of a CRM system and collaborative communication between all stakeholders, Marketing/Sales can maximize customer profits and value through developing quality customer relationships. CRM technology, not only helps marketing to better manage all their customers, all stakeholders have a holistic view and easy access to essential information about customers. Thereby, offering a better customer experience which in turn results in profitable and loyal customers that sales can cross-or up-sell too. Also, by having customer information readily available, a sales person can spend more of their time selling instead of doing administrative work to prepare for a sales call. A CRM system can store information; help the sales force, marketing, and accounting to build customer good will and have your customers singing

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